

**STATEMENT OF PROCEEDINGS FOR THE
SPECIAL MEETING OF THE
CITY OF MAYWOOD OVERSIGHT BOARD**

**CITY OF MAYWOOD
CITY COUNCIL CHAMBERS
4319 EAST SLAUSON AVENUE
MAYWOOD, CALIFORNIA 90270**

Wednesday, May 23, 2012

9:30 AM

AUDIO LINK FOR THE ENTIRE MEETING. (12-2366)

Attachments: [AUDIO](#)

I. CALL TO ORDER

Chair Lilian Myers, called the meeting to order at 9:30 a.m.

II. ROLL CALL

Present: Chair Lilian Myers, Vice Chair Oscar Magaña, Eduardo Adame (arrived at 9:32 a.m.), Sam Pedroza, Andrew Sanchez and Louisa Ollague

Absent: John Walsh

III. PLEDGE OF ALLEGIANCE

Board Member Sam Pedroza led the Pledge of Allegiance.

IV. STAFF COMMUNICATIONS

Andre Dupret, Project Manager, City of Maywood, presented to the Oversight Board the following Supporting Documents for the Recognized Obligation Payment Schedule for the Period January 1, 2012 through June 30, 2012 (ROPS I), for the Oversight Board's review and reference, as requested at the May 9, 2012 Special Meeting:

- (1) Agreements and Resolutions for Item No. 2 of the ROPS (Advances from the City of Maywood)**
- (2) Third party Vendor Agreements and Supporting Staff Reports/Resolutions for Item No. 3-A of the ROPS (Administrative Costs)**
- (3) Property Ownership Documents of Three Agency-owned Properties for Item no. 3-B of the ROPS (Maintenance and Improvements (Costs)**
- (4) Resolutions and Other Supporting Documents Approving Item No. 3-C of the ROPS (Residential Rehabilitation Projects)**

V. PUBLIC PARTICIPATION (AGENDA ITEMS ONLY)

At this time speakers wishing to address the Oversight Board on an item on the agenda will be called upon in the order that the speaker card is received. The maximum time allotted for individuals to speak shall not exceed three (3) minutes.

No members of the Public addressed the Oversight Board at this time.

VI. ADMINISTRATIVE MATTERS

1. Self introductions of newly appointed Oversight Board member and staff. (12-2322)

Board Members: Louisa Ollague, Special District Appointee, and Andrew C. Sanchez, California Chancellor Appointee, provided brief introductions and the following Agency staff members were also introduced:

- **Andre Dupret, Project Manager, City of Maywood and Designated Contact to the State Department of Finance**
- **Yolanda Summerhill, Attorney for the Successor Agency**

2. Dissemination of supporting documentation requested at May 9, 2012 special meeting of the Oversight Board. (12-2323)

Madame Chair Meyers suggested that this item be addressed under "Section VII - Discussion and Action Items, Agenda No. 3" in order to give Board Members time to review the Supporting Documentation they just received.

By Common Consent, there being no objection (Board Member Walsh being absent), this item was tabled for discussion under Section VII - Discussion and Action Items, Agenda No. 3 of this meeting.

VII. DISCUSSION AND ACTION ITEM

3. Review and Adopt the Recognized Obligations Payment Schedule (ROPS II) for the period July 1, 2012 through December 31, 2012 and consider/adopt a resolution for its adoption. (12-2324)

Andre Dupret, Project Manager, City of Maywood opened up the discussion by reading for the record the Staff Report under the headings "Background" and "Discussion":

BACKGROUND:

On December 29, 2011, in the *CRA v. Matosantos* case, the Court upheld ABX1 26 and invalidated ABX1 27 thereby eliminating redevelopment agencies and the voluntary option to pay to continue redevelopment. All

redevelopment agencies and the voluntary option to pay to continue redevelopment. All redevelopment agencies in California were dissolved effective February 1, 2012 with assets, properties, and documents transferred to the successor agencies.

On January 27, 2012, the former-Maywood Redevelopment Agency adopted the Enforceable Obligation Payment Schedule (EOPS) and adopted the Initial Recognized Obligation Payment Schedule (IROPs) under Health and Safety (H & S) Code, Section 34169 and remitted those reports to the City of Maywood (City) as the Successor Agency.

On April 9, 2012, the Successor Agency adopted the Initial Recognized Obligation Payment Schedule (IROPs) in accordance with H & S, Section 34177. During the final days of April 2012, the auditing firm of Moss, Levy & Hartsheim, LP, audited the records of the former Maywood Redevelopment Agency to verify the contents of the IROPs.

At a special meeting of the Oversight Board on May 9, 2012, the Board approved the ROPS which had previously been reviewed, approved and adopted by the Successor Agency on April 9, 2012 and forwarded the item, together with supporting resolution, to the State Department of Finance and other agencies as required.

DISCUSSION:

The definition of Enforceable Obligation:

Generally, under H & S, Section 34171, an enforceable obligation means:

- a) Bonds, as defined by applicable code sections
- b) Loans
- c) Payments required by federal and state governments
- d) Judgments and settlements
- e) Any legal and binding agreement
- f) Contracts necessary for administration or operations of the successor agency
- g) Amount borrowed from or owed to RDA Low Mod Fund
- h) Excludes certain loans between agencies creating the redevelopment agency and within certain periods.

Recognized Obligations Payment Scheduled for the period of July 1, 2012 through December 31, 2012 (ROPS II)

The Oversight Board must review, approve and adopt the ROPS II in order to be certified. In order to be a certified, the ROPS II must be:

- 1) audited by an external auditor for accuracy**
- 2) submitted to and approved by the Oversight Board**
- 3) a copy of the ROPS II approved by the Oversight Board is submitted to the a) County Auditor - Controller, b) California Department of Finance (DOF), c) other agencies as required, and d) posted on the website of the Successor Agency.**

In conclusion, the Oversight Board will review and consider approving a resolution adopting the ROPS II. Should the Oversight Board approve the ROPS II, it will be part of a certification process that will deem it as the official ROPS II covering the first half of the 2012 - 2013 Fiscal Year. Copies will be submitted to the County Auditor-Controller, California DOF and other agencies as required, including being posted on the website of the Successor Agency. After adoption of the ROPS II, the DOF has three business days to determine whether it needs to review it further. If it ultimately decides to review/audit the ROPS II, then it has ten days to complete its review/audit.

Board Member Ollague, requested the status of April 19, 2012 submission. Mr. Dupret informed the Oversight Board that the Successor Agency has not received a determination on the submission, and during the conversation, there was no indication of when the Successor Agency will receive the final determination.

Board Member Ollague also requested the Total Tax Increment for the City of Maywood. Mr. Dupret advised the Oversight Board that he did not have the Total Tax Increments on hand, but would furnish the Oversight Board that information before the end of the day.

Board Member Adame requested to review the ROPS II, line item by line item at this meeting and then return at another meeting to approve the ROPS II; thereby giving the Oversight Board ample time to review the supporting documents and ensure an accurate decision can be made toward ROPS II.

Chair Myers addressed Board Member Adame's request and advised the Oversight Board that due to timeline restrictions this Special Meeting was scheduled to make the determination of ROPS II.

Yolanda Summerhill, Legal Counsel for the Successor Agency, also informed the Oversight Board that in regards to timeline restrictions, all ROPS have to be submitted by Thursday, May 24, 2012 to the DOF in order for the ROPS to be approved or deemed acceptable. This will not mean the DOF will not deny certain line items, or ask for additional documentation for line items. This means that the ROPS have to be in DOF possession approved by the Oversight Board. Furthermore, the DOF has taken a very assertive approach in requesting supportive documentation for line items which in turn addresses the Oversight Boards concerns.

Due to the information provided by Legal Counsel to the Successor Agency, Board Member Pedroza suggested that the Minutes reflect the various comments made by the Oversight Board Members. Chair Myers concurred with the suggestion. Mr. Dupret addressed the Oversight Board and advised that the Successor Agency and Administrative Staff have been working in conjunction to ensure Minutes reflect the Oversight Board's actions and comments.

Board Member Sanchez had a concern if one of the Line Items under ROPS II is not approved today, what will be the consequence. Ms. Summerhill addressed Board Member Sanchez' concern and informed the Oversight Board that the DOF does not consider that as an option. She further reminded the Oversight Board of their fiduciary duty to make a decision on all items of the ROPS as described by legislation and suggested that the Oversight Board err on the side of caution in their decisions.

Board Member Sanchez also requested clarification if a Line Item is not approved for payment today can it be placed on future ROPS. Ms. Summerhill clarified that the ROPS can be amended, but will place the Successor Agency in an extreme hazardous position not having items on the ROPS and submitted to the DOF.

Board Member Adame informed the Oversight Board that several cities within the First Supervisorial District, had their ROPS returned by the DOF's review and determination, certain Line Items were requested to be removed due to not meeting H & S Code requirement.

Board Member Pedroza then questioned if the scenario described by Board Member Adame, set new deadlines to submit ROPS? Board Member Adame addressed the Oversight Board and

advised them that the returned and amended ROPS had to be reviewed and approved all over again by the Oversight Board without new deadlines.

Board Member Ollague requested the Successor Agency Staff to “walk-thru” line items individually in review with the Oversight Board. Mr. Dupret complies with the request and read each line item’s “Description” narrative and answered various questions in regards to ROPS II line items:

Line Item No. 1, 2007 - Tax Allocation Bonds

Board Member Ollague requested the clarification on the percentage Bond Interest Rate stated on ROPS II, and had there been any attempt to refinance.

On motion of Vice Chair Magaña, seconded by Board Member Pedroza, Line Item No, 1 - 2007 Tax Allocation Bonds, was approved with a request to the Successor Agency to provide clarification on the percentage Bond Interest Rate by the following vote:

Ayes: Board Members Adame, Pedroza, Sanchez, Ollague, Vice Chair Magaña, and Chair Myers

Noes: None

Line Item No. 2 - Advances from the City of Maywood

Board Member Adame requested a copy of the Agreement & Resolution from City Council including the terms of the loans. Mr. Dupret advised Oversight Board that documentation was not available, but that the amount on ROPS II included interest and principle, which had been submitted to the Auditors.

Board Member Pedroza inquired if this Line Item may be returned by the DOF. Ms. Summerhill, stated that this Line Item may be returned from the DOF for additional documentation.

Board Member Ollague requested a description on what the Merged Redevelopment Project Areas (Resolution 5090) to which Mr. Dupret responded that all existing project areas were consolidated in 2003 to make one Project Area.

Board Member Pedroza inquired on the advances of the City of Maywood, if efforts were made to pay back the City prior to the Redevelopment Agency (RDA) dissolution. Chair Myers informed the Oversight Board that payments were made and what is reflected in the ROPS is what is outstanding.

Board Member Ollague also asked, in regards to Resolution 5090, using money to finance the Low & Moderate Housing Loans, how many low moderate income housing are there since 2003? Mr. Dupret responded that there are none, and there is not much housing activity in the City. Board Member Ollague questioned regarding the Loan at 12% interest, had there been any attempt to renegotiate the rate. Chair Meyers addressed Board Member Ollague's question and stated that although there had not been an attempt to negotiate, and since this was the Oversight Board's first time to discuss this Line Item, that it was not unusual for the City to provide loans to the RDA. Board Member Pedroza questioned if interest rates regulated on what the City can charge; Chair Myers is not aware of any regulation.

After discussion, on motion of Board Member Pedroza, seconded by Vice Chair Magaña, Line Item No. 2 - Advances from the City of Maywood, was approved by the following vote:

Ayes: Board Members Adame, Pedroza, Sanchez, Vice Chair Magaña, and Chair Myers

Noes: Board Member Ollague

Line Item No. 3 - Maintenance & Improvement of Owned Properties

Mr. Dupret informed the Oversight Board that copies of property agreements were included in the Staff Report under Tab No. 3, and what is on ROPS includes just Maintenance Operating Cost, not Outstanding Payments or Debts. Project Manager Dupret explained to the Board that the Pocket Park Site is in the design stage, funds stated are City Contributions. Yolanda Summerhill, City Attorney, requested that Oversight Board approve or disapprove the ROPS, all in one vote, Ivonne Umaña Administrative Staff stated that some Oversight Boards have voted on the ROPS in the manner Counsel had mentioned, but have also voted one Line Item at a time, making a motion to approve "as it stands", or amend "with the following recommendations", and each individual vote is reflected in the Minutes.

On motion of Board Member Pedroza, seconded by Vice Chair Magaña, Line Item No. 3, Maintenance & Improvement of Owned Properties, was

approved by the following vote:

Ayes: Board Members Pedroza, Sanchez, Chair Myers and Vice Chair Magaña

Noes: Board Members Adame and Ollague

Line Item No. 4 – Administrative Cost – Legal & Staff

Project Manager Dupret informed the Oversight Board that the information provided to the Oversight Board is for the period July 1 to December 31, 2012, ROPS II. Ms. Summerhill also informed the Oversight Board that the Administrative Cost is permissible under legislation, and the Successor Agency is entitled to this cost. Ms. Summerhill further indicated that the Oversight Board is looking at the outstanding debts of the RDA that need to be dissolved, and the Administrative Cost would be a part of closing out those expenses, for however long it takes to resolve these properties.

The Oversight Board recessed at 10:28 a.m. to give Successor Agency staff an opportunity to look into the Tax Increment amount.

The Oversight Board meeting reconvened at 10:40 a.m.

Project Manager Dupret explained to the Board, Cities are guaranteed \$250 thousand no matter their size, and cities with larger Tax Increment amounts would be calculated using the percentage calculations.

On motion of Board Member Pedroza, seconded by Vice Chair Magaña, Line Item No. 4, Administrative Cost, Legal & Staff, was approved by the following vote:

Ayes: Board Members Pedroza, Sanchez, Vice Chair Magaña and Chair Myers

Noes: Board Members Adame and Ollague

Board Member Ollague requested clarification on Form A of outstanding obligation of \$3.8 million. Ms. Summerhill responded to the Oversight Board and indicated in reference to Form A, the \$3.8 million outstanding obligation, no payment schedule was located, and Successor Agency staff had taken a conservative approach in that City's not seeking payment within the next six months, but wanted to include it on ROPS.

Board Member Pedroza asked a procedural question if a Line Item was not approved what will happen? Ms. Summerhill informed the Oversight Board that should a Line Item not be approved by the Oversight Board it would still be sent to DOF, and the DOF would not consider those Line Items.

Board Member Ollague related to the Oversight Board the following caveats:

ROPS II - Form A: Approve the 2007 Tax Allocation Bonds with US. Bank and for the City of Maywood we will revisit within the next six months.

ROPS II - Form B: Maintenance & Improvements – CDC Agency-owned properties - No, but pleased to hear the good effort in renegotiate these contracts.

ROPS II - FORM C – No and hoped that Counsel will be able to renegotiate contracts.

On motion of Board Member Pedroza, seconded by Vice Chair Magaña, duly carried by the following vote, the Board approved ROPS II for the Period July 1, 2012 – December 31, 2012:

Ayes: 4 - Chair Myers, Vice Chair Magaña, Board Member Pedroza and Board Member Sanchez
Noes: 2 - Board Member Adame and Board Member Ollague
Absent: 1 - Board Member Walsh

Attachments: [Staff Report](#)
[ROP Schedule from July 2012 – December 2012](#)
[Resolution](#)

VIII. PUBLIC COMMENTS

At this time speakers wishing to address the Oversight Board on an item that is not on the agenda will be called upon in the order that the speaker card is received. The maximum time allotted for individuals to speak shall not exceed three (3) minutes. Further, in accordance with State law, the Oversight Board may not take action or entertain extended discussion on a topic not listed on the agenda. Please show courtesy to other and direct all of your comments to the Chair.

No members of the Public addressed the Oversight Board at this time.

IX. ADJOURNMENT

The meeting was adjourned at 10:55 a.m. The next meeting for the Maywood City Oversight Board is scheduled for Wednesday, June 13, 2012 at 9:30 a.m. in the City's Council Chambers.